



Citizens Finance Review Commission

Dear Governor Napolitano:

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The members of the Citizens Finance Review Commission commend you for your insight into the need for improving Arizona's revenue structure in a way that manages to keep taxes as low, fair and stable as possible. We are transmitting to you this report, which reflects your vision and contains our recommendations to reform our state's revenue system.

The commission hopes that you will endorse our report and convey to the legislature and the public the ongoing need for action on these concepts, which were designed without a political agenda and with the best interests of all Arizonans in mind. It is vital that we put the state back on a sound fiscal foundation and establish a revenue structure that encourages a strong economy. We want to emphasize, too, that these recommendations — presented as a menu rather than as a package — have been structured for the long term. Some of them might be appropriate and well advised at the present time and others can remain available until needed. It will remain essential to carefully analyze any combination of options that ultimately could be incorporated into public policy to fully understand all the complex interactions.

These recommendations are not intended to achieve any particular revenue target. In fact, it would be misleading to aggregate their financial impact because they are not presented as a single package. Some recommendations, in fact, are duplicative of others. The appropriate level of revenues should be established by the expenditures upon which you and the legislature reach agreement. The ability to tax does not equate to a need to tax or spend. Ultimately, taxes are a means, not an end. Arizonans need higher-wage jobs, well-funded education and other public services while keeping taxes simple and low enough to nourish economic growth. We believe you will find that we were true to our original mission in gearing our recommendations to support Arizona's growing economy.

Our commission has no authority to put into practice any of the recommendations in our report. It is up to you and our other elected leaders to select the most effective combination of the individual recommendations that fits best with your long-term fiscal policy. Our commission offers to you the voice of the public. We recognize that this report is only the first step, and we are here to assist, consult and encourage with the realization that the ultimate success of our recommendations will depend on the clear and well-considered action by your administration and our lawmakers.

Sincerely,

Bill Post and Tony Astorga
Co-chairmen